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Southern District of Texas

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News Release



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March 30, 2007

GUILTY PLEA ENTERED FOR FILING FALSE TAX RETURN

[HOUSTON, TX] – Stephen Paul Glover, 54, formerly of Spring, Texas, entered a plea of guilty to a charge that he had filed a false 1999 income tax return and evaded paying thousands of dollars in income taxes on gains realized through the sale of stock received as payment for legal service, United States Attorney Don DeGabrielle announced today.

At a hearing held on Monday, March 26, 2007 before United States District Judge Vanessa Gilmore, Glover entered into a plea agreement with the United States in which he admitted he had filed false tax returns to avoid paying federal income taxes of approximately \$145,715 over a two-year period.

As part of the agreement Glover stipulated that in February 2001, he signed , under

penalty of perjury, and filed two joint U.S. Individual Income Tax Returns (Form 1040) for calendar years 1998 and 1999 with the Internal Revenue Service ("IRS") in Houston, Texas. Glover did not file a Schedule D nor otherwise report in either return substantial gains he received from the sale of Waterguard, Inc. stock. Because Glover had shared the proceeds from the sale of Waterguard, Inc. stock with his law partner during 1997 and included the income from sales in that year in his tax return for that year, he clearly knew that he should have reported gains from the sale of Waterguard stock of \$373,000 during 1998 and \$285,000 during 1999 in this tax returns for each of these years.

Not only did Glover not report these gains to the IRS, he did not tell his partner about them. In fact, Glover filed tax returns for each of those two years in which he reported zero taxable income. Glover admitted that he signed and filed these tax returns with the IRS knowing that he had not reported any of the capital gains he had realized from the sale of stock issued to him and his law partner in exchange for legal services rendered. Based upon the gains from the sale of stock in 1998, Glover owed taxes in the amount of \$41,505 for 1998 and \$104,210 for 1999 and caused a loss to the United States Treasury of \$145,715 for those two years.

United States District Judge Vanessa Gilmore set a sentencing date of June 11, 2007 at

which Glover faces a punishment of up to 3 years in prison and a fine of up to \$250,000. The court may also impose up to one year of court supervision following the completion of any prison term.

The investigation leading to the charges against Glover was conducted by the Houston Office of the Criminal Investigation Division of the Internal Revenue Service. The case is being prosecuted by Assistant U. S. Attorney Jimmy Sledge, Jr.

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